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DECLASSIFIED
E.O. 12958, Sec. 3.4

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PA/HO, Department of State
E.O. 12958, as amended
June 9, 2005

NAID 969012
By 57175w Date 4/27/98



Department of State

TELEGRAM

~~CONFIDENTIAL~~

O 081445Z MAY 72
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 5704
BT

~~CONFIDENTIAL~~ NEW DELHI 5704

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21190
MAY 8, 1972
1557Z

NODIS REVIEW

Cat. A - Caption removed;
transferred to O/FADRC
Cat. B - Transferred to O/FADRC
with additional access
controlled by S/S
Cat. C - Caption and custody
retained by S/S

Reviewed by: Ambassador W. Witman, II

Date: 9/12/1975

AID: EYES ONLY FOR ADMINISTRATOR HANNAH
NEA: EYES ONLY FOR ASSISTANT SECRETARY SISCO
SUBJECT: MEETING WITH DEA RE ECONOMIC AID

1. AID DIRECTOR HOUSTON WAS SUMMONED TO DEA MAY 6 FOR AN URGENT MESSAGE". JOINT SECRETARY S. KRISHNASWAMI ADVISED THAT WITH I.G. PATEL IN MONTREAL AND M.G. KAUL IN SANTIAGO HE HAD BEEN INSTRUCTED TO DELIVER THE FOLLOWING MESSAGE WHICH WOULD ALSO BE GIVEN TO STATE/AID BY AMBASSADOR JHA.
2. HOLDING A TYPEWRITTEN PAPER BUT SCARCELY GLANCING AT IT, KRISHNASWAMI SAID THE US "ECONOMIC AID" HAD BEEN DISCUSSED EXTENSIVELY BY HIS MINISTRY SINCE THE CALLS HERE AND IN WASHINGTON TO ADVISE THE GOI OF NO DEVELOPMENT LOANS IN FY 72 AND "PROVISIONAL" DEVELOPMENT LOANS OF DOLS 90 MILLION FOR FY 73 IN THE CONGRESSIONAL PRESENTATION.
3. KRISHNASWAMI SAID THE MINISTRY FELT THAT THE MANNER IN WHICH THE GOI HAD BEEN ADVISED HAD BEEN DONE TO PUT SPECIAL EMPHASIS ON THE DRASTIC CUT IN USAID. THIS, TOGETHER WITH USE OF THE WORD "PROVISIONAL" LED THE MINISTRY TO THE CONCLUSION THAT THE "USG IS NO LONGER INTERESTED IN THE FURTHER ECONOMIC DEVELOPMENT OF INDIA. WOULD USAID THEREFOR REMOVE ALL AMERICANS WORKING ON ECONOMIC AID AT THE EARLIEST AND HOPEFULLY WITHIN ONE MONTH?" HOUSTON COMMENTED THAT HE DID NOT BELIEVE USG DISINTEREST WAS AN ACCURATE CONCLUSION, BUT KRISHNASWAMI REPEATED THAT HE "WAS UNDER INSTRUCTIONS TO GIVE THE MESSAGE AS STATED".
4. PROCEEDING TO DETAILS, KRISHNASWAMI SAID IN REPLY TO HOUSTON'S QUESTION THAT "TECHNICAL ASSISTANCE PERSONNEL WERE NOT INVOLVED AT PRESENT. WE WILL MAKE A DECISION ON TECHNICAL ASSISTANCE LATER". HOUSTON EXPLAINED THAT THERE ARE ALMOST NO PEOPLE WORKING EXCLUSIVELY ON "ECONOMIC AID" BUT THAT WE WOULD MAKE A SERIOUS ATTEMPT TO COMPLY WITH THE GOI REQUEST.

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5. KRISHNASWAMI WAS ASKED WHETHER THE GOI WISHED TO HAVE THE EXECUTIVE AND LEGISLATIVE BRANCHES OF THE USG ADVISED WIDELY OF THE GOI DECISION. HE REPLIED THAT NO INFORMATION WOULD BE RELEASED HERE, AND HE HOPED NOT IN WASHINGTON.

HOUSTON REMINDED HIM THAT CONGRESS WOULD BE INTERESTED TO KNOW THE SITUATION AS THE AID BILLS ARE CONSIDERED. KRISHNASWAMI WAS THEN ASKED WHETHER THE GOI WOULD ACCEPT DOLS 90 MILLION IF APPROPRIATED AND OFFERED. HE ANSWERED HE WANTED IT TO BE CLEAR THAT THE GOI WAS NOT RPT NOT REJECTING TODAY EITHER DOLS 90 MILLION OR A POSSIBLE RESUMPTION OF THE DOLS 87.6 MILLION SUSPENDED LOAN. HOWEVER, ACCEPTANCE, IF OFFERED, WOULD BE CONSIDERED WHEN THE GOI COULD SEE WHAT "CONDITIONS" THERE MIGHT BE. FYI: THE GOI ARE STILL VERY SENSITIVE ABOUT THE UNILATERAL SUSPENSION OF WHAT THEY CONSIDER TO BZMA FIRM USG COMMITMENT. END FYI.

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6. COMMENT: JOINT SECRETARY KRISHNASWAMI WAS AN EISENHOWER FELLOW IN THE U.S. IN EARLY 1971. WE CONSIDER HIM TO BE VERY SYMPATHETIC TO THE U.S., AND THERE CAN BE NO DOUBT HE WAS ACTING UNDER INSTRUCTIONS. MISSION PROCEEDING TO CAREFUL EVALUATION OF PERSONNEL INVOLVED, AND WILL ADVISE SOONEST. EXEMPT FROM DECONTROL. KEATING

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